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Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

## PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is ma	ide this da	y of NOVEMBE	· · · · · · · · · · · · · · · · · · ·	2008, by and between	
Murtle L. DWN as					
whose addresss is 3389 TDC and, DALE PROPERTY SERVICES, L hereinabove named as Lessee, but all of the consideration of a cash be described land, hereinafter called lease	L.C., 2100 Ross Avenue, Sulte other provisions (including the co- onus in hand paid and the cove	1870 Dallas Texas 752	<ol> <li>as Lessee. All printed port vere prepared jointly by Lesson</li> </ol>	and Lessee.	
OUT OF THE MONNINGING	, TARRA	ANT COUNTY, TEXA	ADDITION AS, ACCORDING TO TO PLAT RECORDS OF TA	, BLOCK I, AN ADDITION TO T HAT CERTAIN PLAT IRRANT COUNTY, TE	RECORDED
in the County of Tarrant, State of Tereversion, prescription or otherwise), it substances produced in association to commercial gases, as well as hydrocal land now or hereafter owned by Lesso Lessor agrees to execute at Lessee's reof determining the amount of any shut-i	EXAS, containing	gross acres, more or developing, producing and /seismic operations). The bove-described leased part to the above-described ental instruments for a more	iess (including any Interests that marketing oil and gas, along eterm "gas" as used herein mises, this lease also covers leased premises, and, in conse complete or accurate descrip	nerein which Lessor may hen g with all hydrocarbon and r includes helium, carbon di accretions and any small str dideration of the aforemention ofton of the land so covered.	eafter acquire by non hydrocarbor oxide and othe tips or parcels o ned cash bonus For the purpose
2. This lease, which is a "paid-up as long thereafter as oil or gas or other otherwise maintained in effect pursuant 3. Royaltles on oil, gas and other separated at Lessee's separator facilities the wellhead or to Lessor's of the wellhead market price then prevail prevailing price) for production, severance, or other excise Lessee shall have the continuing right to such price then prevailing in the same or nearest preceding date as more wells on the leased premises or lease waiting on hydraulic fracture stimula be deemed to be producing in paying of there from is not being sold by Lessee Lessor's credit in the depository design while the well or wells are shut-in or price is being sold by Lessee from another of following cessation of such operations terminate this lease.  4. All shut-in royalty payments use Lessor's depository agent for received draft and such payments or tenders to address known to Lessee shall consilit payment hereunder, Lessor shall, at Lessee is provided for in Paragranevertheless remain in force if Lessee on the leased premises or lands pooled the end of the primary term, or at any operations reasonably calculated to ob no cessation of more than 90 consecutives is production in paying quantities Lessee shall drill such additional wells to (a) develop the leased premises as leased premises from uncompensated	substances covered hereby are to the provisions hereof.  It is substances produced and savered the regular produced and savered the same field (or if there alian grade and gravity; (b) for "%) of the proceed taxes and the costs incurred by the purchase such production at the field, then in the nearest field the date on which Lessee commands pooled therewith are capablation, but such well or wells are equantitles for the purpose of mainer, then Lessee shall pay shut-in lated below, on or before the enduction there from is not being even or production. Lessee's failure ander this lease shall be paid or thing payments regardless of chant Lessor or to the depository by dute proper payment. If the depository by dute proper payment. If the depository if all production (whether or not the regular of the action of any governmences operations for reword therewith within 90 days after of time thereafter, this lease is not taken or restore production thereful tive days, and if any such operation the leased premises or lands to formations then capable of a formation and a	produced in paying quantitied hereunder shall be paid the	ies from the leased premises of by Leasee to Lessor as follow 1 2 2 %) of such product that Lessee shall have the covailing in the same field, then ad gas) and all other substances or otherwise marketing ket price paid for production of revailing price) pursuant to counder; and (c) if at the end of the gas or other substances cover the covered by this lease of the covered by this lease is otherwise bewith, no shut-in royalty shall be alty shall render Lessee liable ssor's credit in at lessor's ad land. All payments or tenders stamped envelope addressed a succeeded by another institution for producing in paying quantitie manner and producing in paying quantitie manent we event this lease is not additional well or for confidence on the covered in force so long as any one or on of oil or gas or other substances on the leased premises or onably prudent operator would less on the leased premises or	vs: (a) For oil and other liquiction, to be delivered at Le nitinuing right to purchase suin the nearest field in which mose covered hereby, the proportionate part of ad valuable gas or other substance similar quality in the same firmparable purchase contracts the primary term or any time are dhereby in paying quantit Lessee, such well or wells are shuftle, such payment to be made anniversary of the end of seing maintained by operations are due until the end of the 90 for the amount due, but shall the same of the seing maintained by operations are depository agent to receive to the depository or to the Lition, or for any reason fall or a such payment to be to the depository agent to receive including a revision of otherwise being maintained or otherwise obtaining or research cessation of all an engaged in drilling, rework more of such operations are ances covered hereby, as to of producing in paying quer drill under the same or similificands pooled therewith, or	th or this lease is all hydrocarbons assee's option to ach production a to there is such a royalty shall be orem taxes and es, provided that field (or if there is an estate of the reafter one of the reafter of production of the reafter of the last refuse to acceptive payments. If a condition or the lease of unit boundaries in force it shalloring production. If a chip or any other a prosecuted with ong the reafter a circumstance (b) to protect the results of the reafter are circumstance (b) to protect the results of the reafter are circumstance (b) to protect the results of the reafter are circumstance (b) to protect the results of the reafter are circumstance (b) to protect the results of the reafter are circumstance (b) to protect the results of the reafter are circumstance (b) to protect the results of the reafter a circumstance (b) to protect the results of the reafter a circumstance (b) to protect the results of the reafter a circumstance (b) to protect the results of the reafter a circumstance (b) to protect the results of the reafter a circumstance (b) to protect the results of the reafter a circumstance (circumstance)
additional wells except as expressly pro- 6. Lessee shall have the right by depths or zones, and as to any or all proper to do so in order to prudently de unit formed by such pooling for an oil of horizontal completion shall not exceed completion to conform to any well space of the foregoing, the terms "oil well" are prescribed, "oil well" means a well with feet or more per barrel, based on 24 equipment; and the term "horizontal of equipment;	ovided herein.  It not the obligation to pool all or substances covered by this lease avelop or operate the leased prevell which is not a horizontal cor 640 acres plus a maximum acreoing or density pattern that may the digram well shall have the mea an initial gas-oil ratio of less that hour production test conducte completion" means an oil well in cooling rights hereunder, Lessee this anywhere on a unit which emises, except that the production in the unit bears to the cost shall not exhaust Lessee's or contraction or both, either beforental authority having jurisdictifie of record a written declaration died from the unit by virtue of such of production in paying quantities.	or any part of the leased price, either before or after the mises, whether or not simily impletion shall not exceed 8 age tolerance of 10%; provide prescribed or permitted inings prescribed by applicant 100,000 cubic feet per bed under normal producing in which the horizontal compact in the shall file of record a writted includes all or any part on on which Lessor's royall proson or which seems acreage in the pooling rights hereunder, a one or after commencement on, or to conform to any part of the control of the proportion lies from a unit, or upon pe	emises or interest therein with the commencement of production pooling authority exists with 0 acres plus a maximum acredided that a larger unif may be solven any governmental authority able law or the appropriate goarrel and "gas well" means a work conditions using standard learn moment of the gross completionent of the gross completionent declaration describing the soft the leased premises shall by is calculated shall be that pries unit, but only to the extent and Lessee shall have the recurst of production, in order to conductive acreage determinational it and stating the effective date of unit production on which roomment cessation thereof, Lester with the control of the production on which roomment cessation thereof, Lester with the control of the production on which roomment cessation thereof, Lester with the control of the production on which roomment cessation thereof, Lester with the control of the production on which roomment cessation thereof, Lester with the control of the production on which roomment cessation thereof, Lester with the production of the production of the production of the production of the production on which roomment cessation thereof, Lester with the production of the	any other lands or interests on, whenever Lessee deem respect to such other lands age tolerance of 10%, and formed for an oif welf or gas having jurisdiction to do so, vernmental authority, or, if nell with an initial gas-oil ratio asse separator facilities or eiton interval in the reservoir excunit and stating the effective the treated as if it were produced to the total unit procuring right but not the obligation made by such government of the well specing on made by such government of the extent a yalties are payable hereundt sisee may terminate the unit is	s, as to any or a s it necessary or interests. The or a gas well or well or horizonts. For the purpose to definition is sof 100,000 cubi-quivalent testing edate of pooling uction, drilling the duction which the function is sold but of the revise and density pattern of the control of the con

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royallies and shut-in royallies payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lesson's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the setisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided Interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acceage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lesseor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under any shall thereupon he relieved of all obligations thereafter arising with respect to the interest in all or any portion of

the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced

in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased

writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable lews, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by Inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon

expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes,

mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee services such option, Lessee shall be subrogated to the rights of the party taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

15. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other contrals.

operations

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence, Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

signatory's

	date first written above, but upon execution shall be billialing on the signatory and signatory and the signatory and signatory and the signatory and signatory and the signatory and signatory and signatory and signatory and signatory and signator
LESSOR (WHETHER ONE OR MORE)	
Myrtle Durin	
Minde Dann	
By:	Ву:
	ACKNOWLEDGMENT
COUNTY OF ICHAN COLD	n marchalogic
STATE OF COUNTY OF I CIVY COLD This instrument was acknowledged before me on the by: MAINE NOW ON SHALE PERSON.	day of NOVEM 2008,
William State Control of the Control	
WHITE MICHAEL DOWN	Kusha Of. Maclon- Male
KISHA G. PACKER POLK Notary Public, State of Texas	Notary Public, State of JEXCLS Notary's name (printed):
My Commission Expires April 15, 2012	Notary's commission expires:
STATE OF	
COUNTY OF This instrument was acknowledged before me on the	
by:	

Notary Public, State of Notary's name (printe Notary's commission expires:



## DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

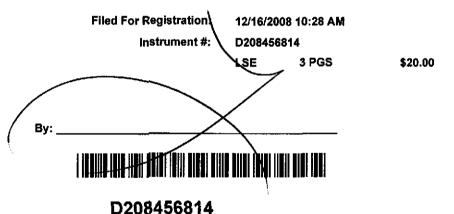
**DALLAS** 

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

## <u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.



ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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